

Message Text

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PAGE 01 AMMAN 04317 311825Z
ACTION NEA-10

INFO OCT-01 ISO-00 ONY-00 SS-15 SSO-00 /026 W
-----023562 311837Z /40

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FM AMEMBASSY AMMAN
TO SECSTATE WASHDC IMMEDIATE 2595

C O N F I D E N T I A L AMMAN 4317

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TO NEA/ARN DRAPER FROM PICKERING

E.O. 11652: GDS
TAGS: EAID, PBOR, US, JO, XF
SUBJECT: JORDAN AID FOR FY 79

REF: STATE 177636

1. THANK YOU FOR REFTEL AND ASSURANCE THAT YOUR OFFICE WILL BE ANALYZING OPTIONS WITH OBJECTIVE OF GETTING POLICY LEVEL DECISION ON MAQARIN NOW RATHER THAN AFTER FY 79 BUDGET DOCUMENTS HAVE BEEN FORWARDED TO OMB OR CONGRESS. WE BELIEVE THERE ARE ONLY TWO REALLY VALID WAYS TO FUND MAQARIN THIS YEAR.

2. IT SEEMS TO ME THAT YOUR OPTION 4 (HIGH OPTION WITH IMPORTANT MAQARIN CONTRIBUTION) CAN ACTUALLY BE CONSIDERED TO COVER TWO POSSIBILITIES, BOTH OF WHICH WERE ADDRESSED IN THE FY 79 ABS. OBVIOUSLY THE FIRST WOULD BE TO SET THE FY 79 BI-LATERAL PROGRAM FOR JORDAN AT \$165 MILLION, WHICH WOULD INCLUDE \$35 MILLION IN BUDGET SUPPORT, \$40 MILLION IN CORE DEVELOPMENT PROJECTS, \$50 MILLION FOR THE TOTAL US CONTRIBUTION TO POTASH, AND A FIRST TRANCHE OF \$40 MILLION FOR MAQARIN. THIS APPROACH WOULD BE BASED ON A TOTAL US CONTRIBUTION TO MAQARIN OF \$120 MILLION OVER
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 AMMAN 04317 311825Z

THREE YEARS AND WOULD, OF COURSE, REQUIRE OMB CONCURRENCE AND A PRESIDENTIAL DETERMINATION OF MULTI-YEAR FUNDING FOR MAQARIN. UNDER THIS APPROACH, THE FY 80 & FY 81 LEVELS WOULD BE \$115, INCLUDING \$40 MILLION FOR MAQARIN EACH YEAR.

3. THE ALTERNATIVE APPROACH WOULD BE TO INCLUDE IN THE

FY 79 BUDGET A LINE ITEM REGIONAL PROJECT FOR MAQARIN AT A TOTAL COST OF \$120 MILLION. ALTHOUGH WE MAY NOT COMPLETELY UNDERSTAND THE ZERO BASED BUDGETING PROCESS, IT DOES NOT SEEM TO ME THAT THERE IS ANY CONCEPTUAL IMPEDIMENT TO PROPOSING A NEW REGIONAL PROJECT WITH OPTIONAL LEVELS RANGING FROM \$0 TO \$200 MILLION. THE APPROACH WOULD NOT BE COUNTRY-ORIENTED IN SPECIFIC TERMS, BUT NEITHER IS MAQARIN EXCLUSIVELY OF INTEREST TO JORDAN; ISRAEL ALSO BENEFITS.

4. THE ADVANTAGE OF THE FIRST APPROACH OUTLINED IN PARA 2 IS THAT IT AVOIDS WHATEVER PROCEDURAL PROBLEMS ARE ATTENDANT ON PRESENTING REGIONAL PROJECTS. THE ADVANTAGES OF THE SECOND (REGIONAL) APPROACH OUTLINED IN PARA 3 ARE THAT IT PERMITS US ECONOMIC ASSISTANCE FOR JORDAN IN FY 80 AND 81 TO ESCAPE THE INEVITABLE "RATCHET" ACTION IN RAISING COUNTRY LEVELS AND THUS TO DROP BACK DOWN TO THE ANNUAL LEVEL OF \$75 MILLION. IT ALSO PRESENTS THE PROJECT IN A SHARP FOCUS TO THE CONGRESS, AND, IF THE REGIONAL POLITICAL SITUATION IS VERY UNPROMISING NEXT JANUARY, IT PERMITS THE EXECUTIVE BRANCH NEATLY TO EXCISE THE PROJECT FROM THE CONGRESSIONAL PRESENTATION BEFORE SENDING IT TO THE HILL, WITHOUT SEEMING TO BE SINGLING OUT JORDAN FOR A LAST MINUTE CUT.

5. OF YOUR FOUR OPTIONS, I OBVIOUSLY STILL STRONGLY
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 AMMAN 04317 311825Z

FAVOR OPTION FOUR (HIGH OPTION), APPROACHED IN EITHER OF THE WAYS THAT I HAVE OUTLINED. I BELIEVE STRONGLY THAT WE HAVE NOT EXPLORED THE REGIONAL APPROACH CAREFULLY ENOUGH AND WONDER WHY THIS HAS NOT BEEN DONE. FOR THE PURPOSES OF INTERNAL ACCOUNTING I DO NOT OBJECT TO ITS BEING ADJUDGED AGAINST THE JORDAN PROGRAM. BUT THE REGIONAL IDEA HAS CONGRESSIONAL SUPPORT, AND CAN AVOID THE JORDANIANS LATER CLAIMING THAT THIS TOTAL LEVEL IS A FLOOR FOR AID FOR THE FUTURE. MY REASONS FOR SEEKING THE HIGH OPTION INCLUDE:
A. I BELIEVE WE ARE OBLIGED (ON THE BASIS OF "HIGHEST LEVEL" INTEREST) TO TRY TO KEEP OPEN AS LONG AS POSSIBLE FOR THE PRESIDENT AND THE SECRETARY ALL FUNDING OPTIONS REGARDING PROJECTS THAT CAN BE EMPLOYED IN THE PROCESS OF WORKING OUT A POLITICAL SETTLEMENT. THE MAQARIN PROJECT IS NOT CENTRAL TO SETTLEMENT, OR VICE VERSA, BUT MAQARIN NOW REPRESENTS THE PRODUCT OF A LOW KEY, INDIRECT PROCESS OF CONSULTATION BETWEEN CONFRONTATION STATES, AND OFFERS POSSIBILITIES FOR NORMALIZATION OF ONE IMPORTANT RELATIONSHIP (WHICH INDEED CONTRIBUTED, BECAUSE IT WAS UNSETTLED, TO THE CAUSES OF THE 1967 WAR), AND COOPERATION LEADING TO MUTUAL BENEFITS. AS I

HAVE SAID BEFORE, IT ALSO PROVIDES US WITH AN EXCELLENT WAY OF SMOKING OUT ISRAELI (AND ARAB) POLITICAL ATTITUDES ON A SMALL BUT IMPORTANT STEP THAT CAN BUILD CONFIDENCE AND HELP SWEETEN THE ATMOSPHERE. AS SUCH IT SHOULD PROCEED INDEPENDENTLY, BUT ITS OBVIOUS VALUES FOR THE PEACE PROCESS SHOULD BE RECOGNIZED.

B. FAILURE TO INCLUDE A REQUEST FOR MAQARIN IN THE FY 79 BUDGET BESIDES SHORT CUTTING OPTIONS THE PRESIDENT AND SECRETARY MIGHT WANT TO KEEP OPEN, MIGHT WELL DAMPEN THE INTEREST OF OTHER DONORS, BE SEEN BY THE JORDANIANS AS A DISHEARTENINGLY EARLY SIGNAL OF US PESSIMISM ABOUT THE PROSPECTS FOR A SETTLEMENT, AND, OF COURSE, IT WOULD BE A BLOW TO THE MOMENTUM OF THE FIVE YEAR PLAN AND POSTPONE FOR ANOTHER YEAR THE ECONOMIC BENEFITS INTENDED

CONFIDENTIAL

CONFIDENTIAL

PAGE 04 AMMAN 04317 311825Z

TO FLOW FROM THE PROJECT.

C. POSTPONING A DECISION TO REQUEST OMB AND CONGRESSIONAL APPROVAL FOR MAQARIN WITH THE THOUGHT OF ASKING FOR A SUPPLEMENTAL AT SOME LATER TIME SEEMS TO ME AN UNWISE TACTIC. AS WE KNOW FROM SAD EXPERIENCE, SUPPLEMENTALS ARE NEVER POPULAR ON THE HILL, AND EVEN IF APPROVAL IS EVENTUALLY FORTHCOMING, IT MAY BE DELAYED WELL BEYOND THE POINT IN TIME WHEN IT WOULD HAVE BEEN MOST USEFUL IN THE REGION.

6. IN ANY CASE, I HOPE VERY MUCH THAT WE WILL CONTINUE TO PRESS FORWARD WITH OBTAINING APPROVAL WITHIN THE US AND THEN FROM THE ISRAELI GOVERNMENT OF THE DRAFT WORKING PAPER ON WATER RIGHTS THAT WE CABLED TO YOU ON JULY 20 (AMMAN 4072) AND WHICH NOW REFLECTS THE JORDANIAN VIEWS. FROM HERE I MUST SAY THAT I CAN SEE NO ADVANTAGES FROM DRAGGING OUR FEET ON THIS MATTER. IF THERE IS SOMETHING I HAVE MISSED ON THIS POINT, WOULD YOU LET ME KNOW BEFORE I SEE ROY AND PHIL HABIB. IF CHANGES ARE REQUIRED FROM JORDAN FOR IT TO PASS MUSTER WITH THE US LAWYERS PLEASE ALSO LET ME KNOW. WE HAD THOUGHT TEL AVIV WOULD HAVE BEEN ASKED TO GO AHEAD BY NOW.

7. IN A SEPARATE CABLE WE ARE SENDING THE DEPARTMENT/ AID THE PROMISED SUMMARY ANALYSIS OF THE IMPACT ON THE JORDANIAN ECONOMY OF PROCEEDING SIMULTANEOUSLY WITH MAQARIN AND POTASH.

8. I WOULD OF COURSE APPRECIATE ANY VIEWS YOU HAVE ON ALL OF THE ABOVE.

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, BUDGET ESTIMATES, FOREIGN ASSISTANCE APPROPRIATIONS, MAQARIN DAM
Control Number: n/a
Copy: SINGLE
Sent Date: 31-Jul-1977 12:00:00 am
Decaption Date: 22 May 2009
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977AMMAN04317
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770274-0507
Format: TEL
From: AMMAN
Handling Restrictions:
Image Path:
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Litigation Codes:
Litigation History:
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Original Classification: CONFIDENTIAL
Original Handling Restrictions: ONLY, STADIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: ONLY, STADIS
Reference: 77 STATE 177636
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 22-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1717015
Secure: OPEN
Status: NATIVE
Subject: JORDAN AID FOR FY 79
TAGS: EAID, PBOR, US, JO, XF
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/30e38662-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009